

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In Re:

TELEXFREE, LLC,
TELEXFREE, INC.,
TELEXFREE FINANCIAL, INC.,

Debtors.

Chapter 11

Case No. 14-40987-MSH

Case No. 14-40988-MSH

Case No. 14-40989-MSH

Jointly Administered

FIRST STATUS REPORT REGARDING DETERMINATION
OF PARTICIPANT CLAIMS

To the Honorable Melvin S. Hoffman, United States Bankruptcy Judge:

Stephen B. Darr, the duly appointed Chapter 11 trustee (the "Trustee") of the bankruptcy estates (the "Estates") of TelexFree, LLC, TelexFree, Inc., and TelexFree Financial, Inc. (collectively, the "Debtors" or "TelexFree"), respectfully submits this Status Report regarding the resolution of claims ("Participant Claims") filed by persons who purchased TelexFree membership plans ("Participants") against the TelexFree Estates.

BACKGROUND

1. On April 13, 2014 (the "Petition Date"), the Debtors filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code") with the United States Bankruptcy Court for the District of Nevada.

2. The Debtors initially operated as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

3. On the Petition Date, the Debtors filed a motion for joint administration of the cases, with TelexFree, LLC designated as the lead case. By order dated April 24, 2014, the motion for joint administration was approved.

4. On May 6, 2014, the Nevada Bankruptcy Court allowed the motion filed by the Securities and Exchange Commission to change the venue of the cases to the United States Bankruptcy Court for the District of Massachusetts (the “Court”). The cases were transferred to the Court on May 9, 2014.

5. On May 30, 2014, the Court allowed the motion by the Office of the United States Trustee’s to appoint a Chapter 11 trustee and the Trustee was appointed on June 6, 2014.

6. TelexFree operated one of the largest Ponzi and pyramid schemes in United States history, ensnaring more than 1,000,000 Participants who collectively lost in excess of \$1,700,000,000. TelexFree used the sale of voice over internet protocol (“VoIP”) plans as a subterfuge for its real business, which was the recruitment of new Participants through a multi-level marketing format and the use of membership fees paid by new Participants to pay the credits “earned” by existing Participants.

7. The scheme was extensive, complicated, and multi-tiered. Participants were located throughout the world, with eighty percent (80%) located outside of the United States. Most of the transactions involving Participants were triangular in nature, whereby Participants were recruited into the scheme by purchasing a membership plan and paying the membership fees to the recruiting Participant, who retained the membership fee and used his/her accumulated TelexFree credits to pay the membership fee due from the recruited Participant (hereinafter referred to as a “Triangular Transaction”).

8. After reconstructing the Debtors’ books and records and records procured through examinations under Federal Rule of Bankruptcy Procedure 2004 and from Homeland Security Investigations, the Trustee concluded that TelexFree was a Ponzi and pyramid scheme. Participants were promised exorbitant returns for placing advertisements on the internet which

were paid from fees paid by new recruits. Revenues from the sale of VoIP plans, which was ostensibly the product being sold by TelexFree, constituted less than one percent (1%) of total revenues. Less than one percent (1%) of the minutes available on VoIP plans that were sold were actually used by Participants.

9. On October 7, 2015, the Trustee filed his *Motion by Chapter 11 Trustee for Entry of Order Finding that Debtors Engaged in Ponzi and Pyramid Scheme and Related Relief* (the “Ponzi Motion”). In the Ponzi Motion, the Trustee sought two principal findings: first, that TelexFree was a Ponzi and pyramid scheme and, second, that Participant Claims should be determined based upon a “Net Equity” formula commonly employed in Ponzi scheme cases.

10. By order dated November 25, 2015, as amended on December 21, 2015, the Court found the Debtors had engaged in a Ponzi and pyramid scheme and that this finding was the law of the case.

11. By supplemental order dated January 26, 2016, the Court approved the Net Equity formula for determining Participant Claims. The Net Equity formula provides for the following:

- (i) in determining the amount of a Participant Claim, any claim or portion of claim based upon accumulated credits in a Participant’s account (a “User Account”) as of the Petition Date shall be disallowed;
- (ii) Participant Claims shall be computed based upon the amount paid by the Participant to the Debtors, including amounts paid pursuant to Triangular Transactions, less amounts received by the Participant from the Debtors including amounts received pursuant to Triangular Transactions;

- (iii) In determining the amount of a claim of a Participant who has more than one User Account, the activity in all of the Participant's User Accounts shall be aggregated and netted against one another.

I. The Electronic Claims Portal and the Bar Date Notices

12. In the initial stages of these cases, Participants submitted proofs of claim in multiple fora, including the Court, the claims agent retained by the Debtors, Kurtzman Carson Consultants, LLC ("KCC"), the Federal Bureau of Investigation ("FBI"), and the Commonwealth of Massachusetts, Office of the Secretary of State. The information supplied by Participants varied because some used the official bankruptcy claim form and some utilized informational forms provided by governmental agencies. As discussed *infra*, none of the forms provided the information necessary to reconcile Participant Claims with the Debtors' books and records.

13. Many claims did not identify the Participant's User Accounts. This was a fundamental omission because reconciliation of Participant claims with the activity reflected in their User Accounts was the only available means to determining a Participant's Net Equity claim.

14. Many claims asserted amounts due for accumulated credits (which were disallowed under the Net Equity formula), punitive damages and expected future profits that are not allowed under the Net Equity formula.

15. In order to establish a process for filing and evaluating claims that was consistent, accessible, and efficient, on October 7, 2015, the Trustee filed his *Motion by Chapter 11 Trustee for Entry of Order Fixing Bar Date for Filing Proofs of Claim, Approving Form and Manner of*

Providing Notice, Directing that Claims be Filed Electronically, and Approving Content of Electronic Proofs of Claim (the “Claims Motion”).

16. The Claims Motion requested approval of a process whereby Participants would use an interactive, electronic claims portal hosted on the internet (“Portal”) to file a claim (a “Participant ePOC”). The Portal provided Participants with the opportunity to provide and/or confirm personal or business name(s), address(es), phone number(s), electronic mail address(es), taxpayer identification number(s), User Account name(s), password(s), and bank account information that were utilized by the Participants when establishing his/her User Account(s). Based upon the information provided by Participants, the Portal presented the Participant’s User Accounts and account activity within the Participant’s User Accounts. Participants had the opportunity to confirm, reject, amend, or supplement the information presented by the Portal.

17. The establishment of the Portal was essential to the claims resolution process. The Portal was the only practical method of verifying Participant activity with the TelexFree books and records. Inasmuch as TelexFree had approximately 1,000,000 Participants who collectively opened approximately 11,000,000 User Accounts that reflected more than 1,000,000,000 transactions, a manual reconciliation of Participant Claims against the TelexFree books and records without the Portal would have been impossible.

18. The Claims Motion requested that creditors other than Participants complete and file electronically their claim using a standard bankruptcy proof of claim form (a “Standard ePOC” and, together with the Participant ePOC, an “ePOC”) through the Portal, as such claims did not have the complexity associated with the determination of Participant Claims.

19. The Claims Motion was approved by order dated January 26, 2016 (the “Claims Order”). The Claims Order provided that submission of an ePOC was the sole and exclusive

method of filing claims in these cases. (Claim Order, ¶15). Any claims previously filed or hereinafter filed that did not comply with the ePOC process were disallowed without further order of the Court, including any proofs of claim previously filed with the Court, the Debtor, or any other governmental agency. (Claim Order, ¶15).

20. The Claims Order provided that the deadline for Participants to file claims (“Bar Date”) through the Portal would be not less than ninety (90) days after the Portal was operational and notice of the Bar Date was served upon Participants. (Claim Order, ¶3).

21. The Claims Order approved the form of Bar Date Notice which provided, among other things, that any Participant who failed to timely file a Participant ePOC on the Portal on or before the Bar Date would be barred from asserting such claim against the Debtors or their bankruptcy estates and from participating in any distribution of funds in these cases on account of such claim. (Claim Order, ¶4, Claims Motion, Exhibit B).

22. The Claims Order directed the Trustee to serve the Bar Date Notice: (i) by electronic mail to Participants based upon available electronic mail addresses of Participants; (ii) by regular mail, or international equivalent, to creditors who are not Participants and who were listed on Schedules D, E, F, and G of the Debtors’ schedules of liabilities and to those Participants who filed a proof of claim with the Court or with KCC, or a victim notification form with the FBI on or before September 30, 2015 that did not provide an electronic mail address; (iii) by public notice on the Portal, and the KCC website; and (iv) to the extent permitted, by the multi-level marketing websites *behindmlm.com*, *theponzibook.blogspot.com*, and *Ponzitracker.com*. (Claim Order, ¶5).

23. On May 27, 2016, and after the Portal became operational, the Trustee filed a *Notice of Deadline for Filing Electronic Proofs of Claim and Claims Procedures* (the “Bar Date”

Notice”)[docket entry 743], directing creditors to file claims through the Portal located at telexfreeclaims.com. The Bar Date Notice established an initial bar date of September 26, 2016 (the “First Bar Date”) for the filing of electronic claims. The First Bar Date was served on all Participants in accordance with the Claims Order [see certificate of service at docket entry 759].

24. On September 21, 2016, in order to afford Participants with additional time to file Participant Claims, the Trustee filed a *Motion by Chapter 11 Trustee to Extend Deadline for Filing of Electronic Proofs of Claim* to December 31, 2016 (the “Second Bar Date”)[docket entry 801]. This motion was granted by order dated September 23, 2016 [docket entry 806] and notice of the Second Bar Date was served on all Participants in accordance with the Claims Order [see certificate of service at docket entry 811].

25. In light of the wide publicity emanating from the anticipated entry of a guilty plea by James Merrill, one of the Debtors’ principals, and in order to afford Participants additional time to file Participant Claims, on December 8, 2016, the Trustee filed a further *Motion by Chapter 11 Trustee to Extend Deadline for Filing of Electronic Proofs of Claim* to March 15, 2017 [docket entry 827, the “Final Bar Date”]. This motion was granted by order dated December 21, 2016 [docket entry 833] and notice of the Final Bar Date was served on all Participants in accordance with the Claims Order [see certificate of service at docket entry 841].

II. Claims Resolution Process

26. To establish a process to address the extraordinary number of Participant Claims and the information contained therein, on October 16, 2017, the Trustee filed a *Motion by Chapter 11 Trustee to Establish Omnibus Procedures for the Resolution of Disputed Participant Claims* [docket entry 921] which was approved by order dated December 26, 2017 (the “Claims Procedure Order”, docket entry 955).

27. The Claims Procedure Order established a three-stage process for resolving disputed Participant Claims.

28. First, the Claims Procedure Order provided that the Trustee could send a Notice of Proposed Resolution of Claim ("First Notice") to those Participants whose claims did not comport with the TelexFree books and records. The First Notice required such Participants to respond to the Trustee within thirty (30) days at a designated electronic mail address responding to the claim deficiencies set forth in the First Notice ("Claim Response") (Claim Procedure Order, ¶2, 3). The First Notice was not required to be filed with the Court.

29. Second, the Claims Procedure Order provided that the Trustee could file with the Court a Notice of Claim Allowance or a Notice of Claim Disallowance (together, "Second Notice"), with a copy served electronically upon the Participant, for those Participants who did not timely submit a Claim Response to the First Notice. Participants were required to file a response to the Second Notice with the Court and serve a copy of the response upon the Trustee within fourteen (14) days of the filing of the Second Notice, demonstrating good cause for failure to timely submit a Claim Response to the First Notice. In the absence of compliance by the Participant, the Participant Claim would be disallowed, or conditionally allowed in the amount set forth in the Second Notice (Claim Procedure Order, ¶4).

30. Third, the Claims Procedure Order provided that the Trustee could resolve claims of Participants for which a timely response was received to the First Notice or Second Notice by filing an Affidavit of Claim Allowance/Disallowance as to any claims resolved by agreement with the Participant. Upon the filing of the affidavit, the Participant's claim would be allowed without further Court order. (Claim Procedure Order, ¶6). In the absence of consensual resolution of a Participant's claim that was subject to a First Notice or Second Notice, the Claims

Procedure Order provided that the Trustee could file omnibus objections to Participant Claims, with certain modifications to Federal Rule of Bankruptcy Procedure 3007. (Claim Procedure Order, ¶7-9).

CLAIM DETERMINATION¹

I. Conditionally Allowed Claims

31. There are 131,351 timely filed Participant Claims and there are 777 late filed Participant Claims as of March 22, 2019. Of the timely filed claims, there are 99,549 claims that constitute Conditionally Allowed Claims, as defined below and consisting of the following: (i) 98,118 claims which, as filed, comport with the Net Equity formula according to the TelexFree books and records; (ii) 38 claims that were resolved by agreement with the Participant after a First Notice was sent; (iii) 33 claims that were resolved by agreement with the Participant after a Second Notice was sent; and (iv) 1,360 claims for which the Trustee proposed allowance of the Participant Claim in a reduced amount in the Second Notice and the Participant did not file a response.

32. “Conditionally Allowed Claims” are those Participant Claims which have been allowed for purposes of distributions by the Trustee unless the Trustee files a supplemental Notice of Claim Allowance or Disallowance, on or before ten (10) days prior to a scheduled distribution to Participants. The conditional allowance of the Participant Claim is necessary to allow the Trustee to consider additional information that may become available with respect to the allowance of a Participant’s Conditionally Allowed Claim. Such information would include information that the User Accounts attributed to a Participant are subject to conflicting claims of ownership and/or that there are additional User Accounts that should be attributed to such Participant.

¹ Attached as Exhibit “A” is a status summary of Participant Claims filed.

33. The Trustee will provide the Clerk's Office with an electronic file containing, with respect to each of the 98,118 Conditionally Allowed Claims that comport with the Net Equity formula according to the TelexFree books and records: (i) the claim number that was assigned to the Participant upon the filing by the Participant of their claim; (ii) the name of the Participant as provided by the Participant on the Participant Claim; (iii) the country of residence as identified by the Participant on their claim; and (iv) and the amount of the Conditionally Allowed Claim. Each holder of a Conditionally Allowed Claim will be sent an email at the address provided by the Participant on their claim informing them of the conditional allowance of their claim and providing them with a link to the internet website www.kccllc.net/telexfree that contains a listing of all Conditionally Allowed Claims. The aggregate amount of these Conditionally Allowed Claims totals \$339,472,924.34.

34. There are 38 Participant Claims that have been resolved by agreement with the Participant after the First Notice was sent. *See First Affidavit of Claim Allowance and Disallowance* (the "First Darr Affidavit") at ¶4, attached as Exhibit "B" hereto. The First Darr Affidavit includes an exhibit with: (i) the claim number that was assigned to the Participant upon filing the Participant Claim; (ii) the name of the Participant as provided by the Participant on the Participant Claim; (iii) the country of residence as identified by the Participant on the Participant Claim; and (iv) and the amount of the Conditionally Allowed Claim. Each holder of a Conditionally Allowed Claim will be sent an email at the address listed on their Participant Claim providing them with the First Darr Affidavit and supporting exhibit that includes their claim information. These claims can also be located on the internet website: www.kccllc.net/telexfree. The aggregate amount of claims filed by the 38 Participants is \$45,000,414.18, which have been conditionally allowed in the amount of \$372,403.83.

35. There are 33 Participant Claims that have resolved by agreement with the Participant after the Second Notice was sent. *See First Darr Affidavit* at ¶7. The exhibit to the First Darr Affidavit includes: (i) the claim number that was assigned to the Participant upon filing the Participant Claim; (ii) the name of the Participant as provided by the Participant on the Participant Claim; (iii) the country of residence as identified by the Participant on the Participant Claim; (iv) the amount of the Conditionally Allowed Claim; (v) the docket number of the Second Notice; and (vi) the docket number of the response filed by the Participant with the Court. Each holder of a Conditionally Allowed Claim will be sent an email at the address listed on their Participant Claim providing them with the First Darr Affidavit and supporting exhibit that includes their claim information. These claims can also be located on the internet website: www.kccllc.net/telexfree. The aggregate amount of claims filed by the 33 Participants is \$1,033,058.61, which have been conditionally allowed in the amount of \$194,983.31.

36. There are 1,360 Participant Claims that have been conditionally allowed in an amount proposed by the Trustee pursuant to the Second Notice and for which no response was filed by Participants. Of these 1,360 Participant Claims, there were 372 Participant Claims for which a supplemental Second Notice was provided by regular mail because it was unclear if electronic service had been successfully effectuated. The supplemental Second Notice had a response deadline of March 1, 2019. *See Second Affidavit of Claim Allowance and Disallowance* (“*Second Darr Affidavit*”) at ¶2, attached as Exhibit “C”. The Trustee will provide the Clerk’s Office with an electronic file containing the following information on each claim: (i) the claim number that was assigned to the Participant upon filing the Participant Claim; (ii) the name of the Participant as provided by the Participant on the Participant Claim; (iii) the country of residence as identified by the Participant on the Participant Claim; (iv) the amount of the Conditionally

Allowed Claim; and (v) the docket number of the Second Notice. *See Second Darr Affidavit* at ¶2. Each holder of a Conditionally Allowed Claim will be sent an email at the address provided by the Participant on their claim informing such Participant that they have a Conditionally Allowed Claim and providing them with a link to the internet website www.kccllc.net/telexfree that contains a listing of all Conditionally Allowed Claims. The aggregate amount of claims filed by the 1,360 Participants is \$54,753,636.08, which have been conditionally allowed in the amount of \$6,486,083.68.

II. Disputed Claims

A. First Notice Claims

37. There are 21,135 Participant Claims that were the subject of First Notices sent electronically to Participants on July 24, 2018, August 13, 2018, and August 14, 2018. *See First Affidavit of Tina Marie Feil* (“Feil Affidavit”), at ¶5, attached as Exhibit “D”; *Second Darr Affidavit*, at ¶3. Pursuant to the Claims Procedure Order, Participants were provided not less than thirty (30) days to submit a Claim Response. *Feil Affidavit*, at ¶6.

38. There are 19,136 Participant Claims for which no Claim Response was received and, as set forth below, these Participants were sent a Second Notice electronically. *See Second Darr Affidavit* at ¶3. In addition to these Participant Claims, there are 350 Participant Claims as to which a supplemental First Notice was sent by regular mail because it was unclear if the First Notice sent by electronic service had been received. *See First Affidavit of Jeffrey Miller* (“Miller Affidavit”), at ¶5, attached as Exhibit “E” hereto. These Participants will be sent a Second Notice. There are 1,644 Participant Claims for which a Claim Response was submitted in response to the First Notice. As referenced above, 38 of the Participant Claims for which a Claim Response was submitted have been resolved by agreement with the Participant.

Additionally, 55 Participant Claims for which a Claim Response was submitted have been disallowed by agreement with the Participant. *See First Darr Affidavit* at ¶4. The Trustee is evaluating the balance of the Claim Responses, totaling 1,556, reconciling them with the TelexFree books and records, and interfacing with the Participants. After completing his evaluation, the Trustee will either resolve the claims with the Participants, file a Second Notice, or file objections to claims.

39. There are 4,012 Participant Claims filed through the Portal that show a balance due to the Participant of \$0 based upon the Net Equity formula. These Participants will be notified that the Participant will have no claim in these cases unless they provide additional documentation to the Trustee within thirty (30) days of the date of notification. *See Second Darr Affidavit*, at ¶4.

40. There are 8,086 Participant Claims submitted through the Portal that show a negative balance (that is, the claim reflects that the Participant is a Net Winner under the Net Equity formula). These Participants will be notified that the Participant will have no claim in these cases unless they provide additional documentation to the Trustee within thirty (30) days of the date of notification. *See Second Darr Affidavit*, at ¶5.

B. Second Notice Claims

41. As set forth in paragraph 38 above, there were 19,136 Participant Claims for which Second Notices were sent electronically to Participants on November 30, 2018. *See* certificate of service at docket entry 1127. Pursuant to the Claims Procedure Order, Participants were provided not less than fourteen (14) days to file a response with the Court and serve a copy of such response on the Trustee.

42. There were 13,351 Participant Claims for which no timely response was received to the Second Notices and for which claim disallowance was proposed. Pursuant to the provisions of the Claims Procedure Order, these claims are disallowed without further order of the Court. The Trustee will provide an electronic file to the Clerk containing, with respect to each claim: (i) the claim number assigned to the Participant upon filing the Participant Claim; (ii) the name of the Participant as provided by the Participant on the Participant Claim; (iii) the country of residence as identified by the Participant on the Participant Claim; and (iv) the docket number of the Second Notice. *See Second Darr Affidavit*, at ¶6. Each holder of a disallowed claim will be sent an email at the address listed on their Participant Claim informing them that their claim has been disallowed and providing them with a link to the internet website www.kccllc.net/telexfree that contains a listing of the disallowed claims. The aggregate amount of claims filed by these 13,351 Participants is \$464,395,777.47.

43. There were an additional 3,802 Participant Claims for which a supplemental Second Notice was provided by regular mail because it was unclear if electronic service had been successfully effectuated and for which claim disallowance was proposed. *See Miller Affidavit*, at ¶6. Responses to the Second Notice were required to be filed by March 1, 2019. No responses were received from 3,740 of these Participants. Pursuant to the provisions of the Claims Procedure Order, these claims are disallowed without further order of the Court. The Trustee will provide an electronic file to the Clerk containing, with respect to each claim: (i) the claim number that was assigned to the Participant upon filing the Participant Claim; (ii) the name of the Participant as provided by the Participant on the Participant Claim; (iii) the country of residence as identified by the Participant on the Participant Claim; (iv) the docket number of the Second Notice; and (v) the date of service of the supplemental Second Notice. *See Darr*

Affidavit, at ¶7. Each holder of a disallowed claim will be sent an email at the address listed on their Participant Claim informing them that their claim has been disallowed and providing them with a link to the internet website www.kccllc.net/telexfree that contains a listing of the disallowed claims. The aggregate amount of claims filed by the 3,740 Participants is \$123,419,520.38.

44. There are 685 Participant Claims for which a response was submitted to the Second Notice (including the supplemental notice).² As referenced above, 33 of the Participant Claims for which a response to Second Notice was received have been resolved by agreement with the Participant with a Conditionally Allowed Amount, and 57 have been disallowed by agreement with the Participant. There are 595 Participant Claims for which timely or untimely responses to the Second Notice were submitted or filed and which are not yet resolved. Of these claims:

- (i) 62 Participants filed timely responses with the Court;
- (ii) 412 Participants submitted timely responses with the Trustee and either no response to the Court or an untimely response to the Court;
- (iii) 121 Participants submitted/filed untimely responses, with the Court and/or with the Trustee.

See Darr Affidavit, at ¶8. Notwithstanding the improper filings and without waiver of any rights, the Trustee is considering the responses to the Second Notice, including reasons provided by the Participant for the late filing or improper filing for purposes of considering appropriate disposition of the claims. *See Darr Affidavit*, at ¶8. After completing his evaluation, the Trustee either seek to resolve the claims with the Participants or file objections to each claim, if appropriate.

² The Second Notice required that Participants file their response with the Court and serve a copy upon the Trustee.

C. Late Filed Claims

45. As provided above, there were 777 Participants who submitted a Participant ePOC after the Final Bar Date. Pursuant to the provisions of the Claims Order and the Bar Date Notice approved by the Court as set forth above, the late-filed claims are disallowed without further notice or order of the Court. The Trustee will provide an electronic file to the Clerk containing, with respect to each disallowed claim: (i) the claim number that was assigned to the Participant upon filing the Participant Claim; (ii) the name of the Participant as provided on the Participant Claim; (iii) the country of residence as identified on the Participant Claim; and (iv) the date the Participant Claim was filed. Each holder of a disallowed claim will be sent an email at the address listed on their Participant Claim informing them of the disallowance of their claim and providing them with a link to the internet website www.kccllc.net/telexfree that contains a listing of the disallowed claims. See *Darr Affidavit*, at ¶9. The aggregate amount of claims asserted with respect to these disallowed late filed claims is \$34,394,871.25.

Summary

46. The claims determination process is ongoing and, as set forth above, substantial progress has been made. There are 99,549 Participant Claims that have been conditionally allowed in the aggregate amount of \$346,526,593.16. There are 17,980 Participant Claims that have been disallowed in the aggregate amount of \$628,196,439.97. The Trustee will continue to pursue resolution of the remaining unresolved claims. As to those Participants who filed claims in the amount of \$0 or as a Net Winner, the Trustee will pursue claim disallowance in the absence of additional documentation from the Participant submitted within thirty (30) days of the receipt of a letter from the Trustee. As to those Participants who have submitted timely or deemed timely claim responses, the Trustee intends to seek resolution of the claim (in which case

the Trustee will file supplemental Affidavits of Claim Allowance and Disallowance) or, in the absence of resolution by agreement, the Trustee will file omnibus objections to claims with the Court in accordance with the Claims Procedure Order. The Trustee will submit additional status reports as to resolution of Participant claims as circumstances warrant.³

Notice

47. The Trustee intends to have this Status Report translated into Spanish and Portuguese and served upon all Participants who have submitted a Participant Claim through the Portal.

STEPHEN B. DARR,
CHAPTER 11 TRUSTEE,
By his attorneys,

/s/ Andrew G. Lizotte

Harold B. Murphy (BBO #362610)
Andrew G. Lizotte (BBO #559609)
Murphy & King, Professional Corporation
One Beacon Street
Boston, MA 02108

Dated: April 12, 2019
756304

³ The claims information provided herein is as of March 31, 2019.

EXHIBIT A

Exhibit A
TelexFree, LLC, et al.
Status Summary of Participant Claims Filed
As of March 31, 2019

	Total Claims Filed	Paragraph Ref.	No. of Claims	Amount as Filed	Conditionally Allowed Amount
Timely Filed Claims		31	131,351	\$ 1,160,559,495.70	TBD
Late Filed Claims		45	777	34,394,871.25	-
Total Filed claims			132,128	\$ 1,194,954,366.95	\$ -
Conditionally Allowed Claims		31	99,549	\$ 440,260,033.21	\$ 346,526,395.16
Disallowed Claims					
Claims for Which No Timely Response Received to Second Notice		42	13,351	\$ 464,395,777.47	\$ -
Claims for Which No Timely Response Received to Supplemental Second Notice		43	3,740	123,419,520.38	-
Claims Disallowed by Agreement after First Notice		38	55	5,650,901.17	-
Claims Disallowed by Agreement after Second Notice		44	57	335,369.70	-
Late filed claims		31	777	34,394,871.25	-
			17,980	\$ 628,196,439.97	\$ -
Claims Under Review					
Claims To Be Disallowed Unless Additional Documentation is Provided Within 30 Days of Notice					
Claims Asserting a \$-0- Amount		39	4,012	-	TBD
Claims Asserting a Negative Balance (Net Winner) - Note 1		40	8,086	-	TBD
			12,098	\$ -	TBD
Claims Asserting Net Equity Losses - In Process of Resolution					
Claims for Which Response Received to First Notice		38	1,556	\$ 73,771,787.12	TBD
Claims for Which Supplemental First Notices Sent (Second Notices to be Sent)		38	350	4,765,384.20	TBD
Claims for Which Response Received to Second Notice		44	595	47,960,722.45	TBD
			2,501	\$ 126,497,893.77	TBD
Total Filed Participant Claims			132,128	\$ 1,194,954,366.95	TBD

Note 1: Claims asserting a negative balance (Net Winner) indicated net winnings of \$437,346,713.40.

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In Re:

TELEXFREE, LLC,
TELEXFREE, INC.,
TELEXFREE FINANCIAL, INC.,

Debtors.

Chapter 11

Case No. 14-40987-MSH

Case No. 14-40988-MSH

Case No. 14-40989-MSH

Jointly Administered

FIRST AFFIDAVIT OF CLAIM ALLOWANCE AND DISALLOWANCE

I, Stephen B. Darr, hereby submit the following First Affidavit of Claim Allowance and Disallowance in accordance with the order ("Order") dated December 26, 2017 approving the *Motion by Chapter 11 Trustee to Establish Omnibus Procedures for the Resolution of Disputed Participant Claims*.

1. I am the duly appointed Chapter 11 trustee (the "Trustee") of the bankruptcy estates of TelexFree LLC, TelexFree Inc., and TelexFree Financial Inc., having been appointed by order of the Court dated June 6, 2014.

2. I caused to be served Notices of Proposed Resolution of Claim ("First Notice") upon the Participants identified on Exhibit "A" hereto (the "Exhibit A Participants") on the respective dates set forth on Exhibit "A", in accordance with the Order.

3. The Exhibit A Participants submitted timely or deemed timely Claim Responses to the First Notice and such claims were then resolved by agreement with the Participant either through electronic mail exchange or telephone conversation.

4. Exhibit A contains the 38 Conditionally Allowed Claims¹ and 55 disallowed claims, without further notice or order of the Court, in accordance with the Order.


5. I caused to be served Notices of Claim Allowance or Disallowance ("Second Notice") upon the Participants identified on Exhibit "B" hereto (the "Exhibit B Participants") on the respective dates set forth on Exhibit "B", all in accordance with the Order.

6. The Exhibit B Participants filed timely or deemed timely responses to the Second Notice with the Court and/or to the Trustee and such claims were then resolved by agreement with the Participant either through electronic mail exchange or telephone conversation

7. Exhibit B contains the 33 Conditionally Allowed Claims, and 57 disallowed claims, without further notice or order of the Court, in accordance with the Order.

I attest that, to the best of my knowledge, the foregoing is true and accurate.

Dated: April 13, 2019


Stephen B. Darr
Chapter 11 Trustee

755743

¹ Terms not defined herein shall have the meaning set forth in the First Status Report Respecting Determination of Participant Claims dated on or about April 12, 2019.

TelexFree, LLC, et al.
 First Status Report Regarding Determination of Participant Claims
 Exhibit A - Claims Resolved After First Notice

Conditionally Allowed Claims						
Claim Number	Participant Name	Date of First Notice	Country of Residence	Claim Amount As Filed	Conditionally Allowed Amount	Conditionally Allowed Amount
00121-000	Roberto Santos Ferreira	August 24, 2018	PT	\$ 11,840.10	\$	5,920.10
00396-000	Fernando Longo de Barros Souza	August 24, 2018	BR	2,003.20		1,664.20
00473-000	Angel Reginag Griffin	August 24, 2018	US	4,509.90		1,509.90
00787-000	Francisco Javier Arias Montoya	August 24, 2018	PE	24,075.90		19,075.90
01306-000	Fabio Ricardo Restituyo Rodríguez Telexfree	August 24, 2018	DO	2,850.00		1,425.00
01428-000	JUAN SEBASTIAN JARA NIETO	August 24, 2018	EC	16,059.51		9,455.20
05642-000	DAILCY RICHELLY FELIPE CABRAL DE MELO	August 24, 2018	BR	389.60		50.00
107664-000	Marl Alexandrovich Lastochkin	August 24, 2018	RU	4,275.00		1,375.10
108894-000	Claudia Patricia Falla Castellanos	July 24, 2018	CO	15,500,000.00		2,253.90
11541-000	Jonathan Enrique Barrera	July 24, 2018	CL	1,026,162.00		1,425.00
115522-000	Juan Coss	August 24, 2018	US	6,722.79		972.89
120019-001	anderson pego De castro	August 24, 2018	BR	16,033.30		7,483.30
122487-000	Jason Thomas Kenyon	August 24, 2018	US	29,286.90		23,412.50
123273-000	Alberto Urista Cardenas	August 24, 2018	MX	10,959.10		3,832.85
128736-000	Hezrom Rodrigues Dos Santos	August 24, 2018	BR	17,396.50		17,056.90
128758-000	Sheila de Oliveira Tenorio	August 24, 2018	BR	389.60		50.00
13526-001	Marco Antonio Arrarte	August 24, 2018	PE	14,707.90		10,024.90
15585-000	Lenna A Encarnacion	August 24, 2018	PR	10,224.80		7,224.80
18804-000	José Manuel Lopez	August 24, 2018	DO	5,053.90		1,549.60
23347-000	Ana Milagro Torres Ana Torres	August 24, 2018	SV	7,866.50		3,139.70
25356-001	Billy Berroa	August 24, 2018	DO	14,449.60		11,066.10
27618-000	Carlos Javier Gomez	August 24, 2018	US	7,483.10		4,143.10
37506-000	Esther Zigira	August 24, 2018	RW	34,200.00		30,473.90
39692-000	Ogilda Jacqueline Mejia	August 24, 2018	US	4,424.70		2,899.90
45631-000	gastao alberto lima	August 24, 2018	US	90,000.00		66,898.10
52063-000	Sivam Mahalingam	August 24, 2018	CA	3,635.60		1,837.80
53405-000	Ronasis Ramirez	August 24, 2018	DO	11,300.10		5,650.10
55480-000	Francisco Guzman Munoz	August 24, 2018	ES	9,975.00		4,275.00
61791-001	Leonardo Ciucci	August 24, 2018	IT	19,852.89		2,276.59

Claim Number	Participant Name	Date of First Notice	Country of Residence	Claim Amount As Filed	Conditionally Allowed Amount
65111-000	ANGIE CAROLINA DUARTE	July 24, 2018	CO	25,005,094.00	5,094.00
67143-000	Berly Eduardo Espinal	August 24, 2018	DO	12,924.80	5,799.80
71436-000	Giuseppe Casa	August 24, 2018	US	21,524.70	17,249.70
75029-000	brian daniel carranza	August 24, 2018	MX	28,005.50	22,953.50
75472-000	Marcos Wagner Pereira de Lima	August 24, 2018	BR	8,732.10	878.20
81862-000	Nina Khim	August 24, 2018	KH	15,634.40	3,472.80
87805-000	Paulo Pires Teixeira	August 24, 2018	PT	905.19	677.90
95986-000	Rui Octávio Freitas Castro Octavio Castro	August 24, 2018	PT	80,466.00	66,430.60
98402-000	LUIS ENRIQUE PICO UTRERA	July 24, 2018	CO	2,921,000.00	1,425.00

Disallowed Claims

Claimant					
Claim Number	Claimant Name	Date of First Notice	Country of Residence	Claim Amount As Filed	Conditionally Allowed Amount
00238-000	Isael Rivera	August 24, 2018	US	\$ 1,495.00	\$ -
00314-000	VICENTE FERRER ALVAREZ ARRUA	August 24, 2018	PY	8,606.70	-
00593-000	Telexfree	August 24, 2018	US	9,975.00	-
00886-001	void null void	August 24, 2018	DO	1,474.90	-
01760-000	Oscar Jaramillo	August 24, 2018	US	1,068.96	-
02128-000	Luz Nereyda Ecker	August 24, 2018	DO	1,425.00	-
02981-001	voip null	August 24, 2018	DO	1,474.90	-
04810-000	Brenda Montoya	August 24, 2018	US	6,477.90	-
05092-000	DIEGO JIMENEZ GARRIDO	August 24, 2018	ES	18,864.60	-
05888-001	void null void	August 24, 2018	DO	2,213.70	-
06024-001	void null void	August 24, 2018	DO	1,474.90	-
06653-001	void null	August 24, 2018	DO	1,225.00	-
06997-001	void null void	August 13, 2018	DO	3,435.88	-
07418-001	voip null voip	August 24, 2018	DO	5,400.00	-
07426-001	voip null voip	August 24, 2018	DO	1,425.00	-
106913-000	Carlos Santos	August 24, 2018	US	14,471.51	-
110990-000	Cristian Tomas Parreno	August 24, 2018	EC	400.00	-
116829-000	SERGEY VALENTINOVICH GOFMAN	August 24, 2018	RU	10,132.07	-
11867-001	void null void	August 24, 2018	DO	499.00	-

Claim Number	Participant Name	Date of First Notice	Country of Residence	Claim Amount As Filed	Conditionally Allowed Amount
119941-000	cleberson pereira de lima	August 24, 2018	BR	7,547.40	-
12366-001	void null void	August 24, 2018	DO	2,251.20	-
12507-001	void null void	August 24, 2018	DO	13,778.80	-
125455-000	Terezinha Santos	August 24, 2018	US	727.90	-
12638-001	void null void	August 24, 2018	DO	11,405.70	-
126715-000	Gary Otalora canon	July 24, 2018	CO	5,400,000.00	-
12679-001	void null void	August 24, 2018	DO	339.60	-
12719-001	void null void	August 24, 2018	DO	2,285.70	-
127767-000	Gabriela Elizabeth Paredes	August 24, 2018	PE	16,981.80	-
12864-002	Void null void	August 24, 2018	DO	14,599.30	-
130546-000	Mona Sherif Badr	August 13, 2018	EG	1,425.00	-
15681-001	void null void	August 24, 2018	DO	936.30	-
19835-001	void null	August 24, 2018	DO	2,700.30	-
22940-001	void null void	August 24, 2018	DO	7,125.00	-
23803-001	Jose Aneuris Rosario Garcia	August 24, 2018	DO	4,839.30	-
24311-001	void null void	August 24, 2018	DO	4,225.10	-
27448-000	EDINSON ERAZO NARVAEZ	August 24, 2018	CO	4,275.00	-
30916-000	Alberto Gomez	August 24, 2018	US	4,425.00	-
35079-001	void null	August 24, 2018	DO	1,474.90	-
41395-001	void null void	August 24, 2018	DO	1,666.90	-
41489-001	void null void	August 24, 2018	DO	831.90	-
43450-000	Richard Joseph Burnette	August 24, 2018	US	339.00	-
47477-001	void null void	August 24, 2018	DO	2,850.00	-
51958-001	voip null voip	August 24, 2018	DO	1,425.00	-
51966-001	void null void	August 24, 2018	DO	1,425.00	-
55339-001	void null void	August 24, 2018	DO	289.70	-
61098-000	Janet Batista	August 24, 2018	US	8,000.00	-
68067-000	Nikolai Taranenko	August 24, 2018	BY	1,474.65	-
68944-004	void null void	August 24, 2018	DO	2,850.00	-
74725-001	void null void	August 24, 2018	DO	2,750.20	-
79447-000	Nadim J Hazoury	August 24, 2018	US	15,675.00	-
80793-001	void null void	August 24, 2018	DO	1,474.90	-
80956-001	void null void	August 24, 2018	DO	1,474.90	-
86310-000	void full void	August 24, 2018	DO	13,778.80	-

Claim Number	Participant Name	Date of First Notice	Country of Residence	Claim Amount As Filed	Conditionally Allowed Amount
90633-001	void null void	August 24, 2018	DO	386.70	-
92729-001	void null void	August 24, 2018	DO	1,325.20	-

TelexFree, LLC, et al.
 First Status Report Regarding Determination of Participant Claims
 Exhibit B - Claims Resolved After Second Notice

Conditionally Allowed Claims									
Claim Number	Participant Name	Date of Second Notice	Country of Residence	Claim Amount As Filed	Conditionally Allowed Amount	Docket Number of Second Notice	Docket Number	Number of Response	Docket
00299-000	Neide Ricardi	November 26, 2018	BR	\$ 6,099.40	\$ 299.40	1043			N/A
01036-000	Luca Marzotto	November 26, 2018	IT	16,472.00	8,272.00	1045			N/A
01386-000	GUEVARA CRUZ CARMITA DEL ROCIO DEL ROCIO GUEVARA CRUZ	November 26, 2018	EC	5,720.10	2,850.00	1045			N/A
01527-000	Adolfo Leon Dela Cruz	November 26, 2018	US	13,750.20	8,050.20	1048			N/A
04236-000	Hilda Atilano Lara Hilda Atilano	November 26, 2018	MX	9,249.90	49.90	1046			N/A
04345-000	Jenny Carolina Paz	November 26, 2018	HN	6,669.90	3,570.40	1045			N/A
04532-000	Jessica Lynn Keeby	November 26, 2018	US	48,593.00	4,757.60	1047			N/A
107184-000	Manoel Silva Neto	November 26, 2018	US	20,276.50	19,977.10	1048			N/A
109969-002	VICTOR Barcellos Cavalcante SILVA	November 26, 2018	BR	7,005.66	1,700.87	1043			N/A
111955-000	Mariacristina Emme Suster	November 26, 2018	IT	431,824.90	4,324.90	1046			N/A
11252-000	ysidro sanchez cruz	November 26, 2018	DO	6,149.60	5,810.00	1044			N/A
12030-000	raul michael rosario dilone	November 26, 2018	DO	61,425.00	1,425.00	1044			N/A
12405-001	ROCIO ESTHER SALADIN	November 26, 2018	DO	12,825.00	6,325.00	1044			N/A
127615-000	JOHN LENNON DOS SANTOS MOURA	November 26, 2018	BR	7,493.88	1,493.88	1043			N/A
130663-000	Maria aparecida Garcia	November 26, 2018	US	20,000.00	24,225.00	1113			N/A
131396-000	Peter Lawrence LaBrie	November 26, 2018	US	27,362.89	9,362.89	1048			N/A
13823-000	LLJLEINY NOEMI PUENTE PEGUERO	November 26, 2018	DO	5,270.00	1,322.50	1044			N/A
13973-000	Cinthia Ysabel pena rojas	November 26, 2018	US	18,265.80	12,166.60	1048			N/A
16148-000	ruth esther rosario	November 26, 2018	DO	4,776.20	1,018.80	1044			N/A
18211-000	Iyubov Yakir	November 26, 2018	US	14,961.90	7,961.90	1048			N/A
19488-000	Kwan Ling Chan	November 26, 2018	HK	37,018.10	1,393.10	1045			N/A
33254-000	pablo eugenio rodriguez	November 26, 2018	DO	3,728.80	2,251.20	1044			N/A
38249-000	carmen velez vicente	November 26, 2018	DO	117,269.10	1,375.10	1044			N/A
47841-000	Aida Anderson Formally Lima	November 26, 2018	US	23,991.21	19,700.50	1048			N/A
53559-000	Alis A Montoya	November 26, 2018	US	5,974.90	1,474.90	1048			N/A
53945-000	Sergio Antonio Neves Lousada	November 26, 2018	PT	14,008.40	7,916.40	1046			N/A
54455-000	Willian nunes mesquita Willian Nunes mesquita	November 26, 2018	ES	10,964.90	5,749.90	1047			N/A

Claim Number	Participant Name	Date of Second Notice	Country of Residence	Claim Amount As Filed	Conditionally Allowed		Docket Number of Second Notice	Docket Number Response
					Amount	Amount		
65376-000	Alessandro De Carvalho	November 26, 2018	US	34,203.70	10,407.10		1047	N/A
65422-000	MIGUEL SENAS PEREZ	November 26, 2018	ES	5,722.37	4,743.77		1047	N/A
67849-001	Jordean Silva Faria	November 26, 2018	US	23,153.20	7,602.50		1047	N/A
85003-000	Mackenson Joslyn	November 26, 2018	US	3,818.80	3,479.20		1048	N/A
92507-000	Margarita Perez	November 26, 2018	CO	3,462.60	1,425.00		1044	N/A
95166-000	TELEXFREE LLC	November 26, 2018	US	5,550.70	2,500.70		1048	N/A

Disallowed Claims

Claim Number	Claimant Name	Date of Second Notice	Claimant Country of Residence	Claim Amount As Filed	Conditionally Allowed		Docket Number of Second Notice	Docket Number Response
					Amount	Amount		
00565-000	Rebeca Isabel Perez Mendez	November 26, 2018	Unknown	\$ 15,494.05	\$ -		1110	N/A
00851-000	Hortensia Rodriguez	November 26, 2018	US	6,279.00	-		1111	N/A
01272-000	Juan Pablo Brito Nunez	November 26, 2018	DO	2,014.10	-		1073	N/A
02653-001	Juan Carlos Holguin	November 26, 2018	US	4,275.00	-		1119	1150
02832-000	JAMES ANTHONY NAMFUA	November 26, 2018	TZ	2,999.70	-		1108	N/A
03173-000	yangshen yangshen liu	November 26, 2018	CN	926.00	-		1054	N/A
04718-000	Albert Cabrera	November 26, 2018	ES	1,197.80	-		1106	N/A
07490-000	Juan Carlos Holguin	November 26, 2018	EC	5,700.00	-		1092	N/A
07885-000	Miguel Antonio Ruiz	November 26, 2018	DO	1,413.90	-		1074	N/A
08145-000	yeffrin nunez vega	November 26, 2018	DO	1,323.10	-		1074	N/A
08494-000	Lyubov Yakir	November 26, 2018	US	7,961.90	-		1118	N/A
105331-000	Lowenkis Evangelista Castillo Reyes	November 26, 2018	DO	18,847.75	-		1090	N/A
108481-000	Janete Miguel Said Rezende	November 26, 2018	BR	1,415.00	-		1052	N/A
11767-000	JUAN ALBERTO ESPINAL MARTINEZ	November 26, 2018	DO	3,781.00	-		1074	N/A
124000-000	Edwin Garcia rodriguez	November 26, 2018	MX	2,276.00	-		1099	N/A
125012-000	Guido Fabian Escobar Chango	November 26, 2018	EC	2,100.00	-		1093	N/A
127430-000	Víctor Rafael Bardales	November 26, 2018	US	7,125.00	-		1120	N/A
130636-000	Antonio Augusto DaSilva	November 26, 2018	US	1,425.00	-		1117	N/A
13663-000	yeffrin nunez vega	November 26, 2018	DO	3,586.10	-		1075	N/A
17355-000	eugenio rodriguez gil	November 26, 2018	DO	925.00	-		1075	N/A

Claim Number	Participant Name	Date of Second Notice	Country of Residence	Claim Amount As Filed	Conditionally Allowed		Docket Number of Second Notice	Docket Number of Response
					Amount			
20032-000	JUAN ALBERTO ESPINAL MARTINEZ	November 26, 2018	DO	3,781.00	-		1076	N/A
20552-000	Joao Filipe Henriques Pestana	November 26, 2018	PT	1,425.00	-		1103	N/A
21068-000	CARLOS WILFREDO BARRON	November 26, 2018	PE	16,784.20	-		1100	N/A
23621-000	julio cesar romero valdez	November 26, 2018	ES	4,324.90	-		1106	1283
25403-000	SANDRA MARISOL LARA	November 26, 2018	DO	189.30	-		1078	N/A
25420-000	SANDRA MARISOL LARA	November 26, 2018	DO	1,375.10	-		1078	N/A
25430-000	SANDRA MARISOL LARA	November 26, 2018	DO	1,425.00	-		1078	N/A
25436-000	SANDRA MARISOL LARA	November 26, 2018	DO	1,425.00	-		1078	N/A
26126-000	JANICE SAMPAIO SAMPAIO	November 26, 2018	BR	2,800.10	-		1050	N/A
28441-000	felix antonio taveras cabrera	November 26, 2018	DO	65,000.00	-		1078	N/A
29314-000	Ismelia Delgado	November 26, 2018	US	12,444.30	-		1112	N/A
29640-000	jhon manuel tejada	November 26, 2018	DO	1,425.00	-		1079	N/A
30586-000	Jose Aneuris Rosario Garcia	November 26, 2018	DO	1,132.60	-		1079	N/A
31378-000	SERGIO RICARDO SALDANHA RICARDO SALDANHA	November 26, 2018	BR	9,175.60	-		1051	N/A
31613-000	SERGIO RICARDO SALDANHA	November 26, 2018	BR	9,175.60	-		1051	N/A
31617-000	SERGIO RICARDO SALDANHA	November 26, 2018	BR	9,175.60	-		1051	N/A
33564-000	Elvin Teofilo Del Rosario Busi	November 26, 2018	DO	1,425.00	-		1079	N/A
33680-000	Carlos Wilfredo BARRON	November 26, 2018	PE	16,784.20	-		1100	N/A
35535-000	Diana Constanza Giraldo	November 26, 2018	US	4,324.90	-		1115	N/A
38090-000	NATALIA KOSTYUNINA ARTEMIEVA	November 26, 2018	ES	1,375.10	-		1106	N/A
44326-000	Ivo Jessuino Wernersbach	November 26, 2018	BR	13,186.20	-		1051	N/A
45614-000	Desiree Garcia	November 26, 2018	US	2,172.00	-		1117	N/A
46419-000	Yonglin Shao	November 26, 2018	CA	7,000.00	-		1053	1241
47764-000	Carla Xavier Rocha	November 26, 2018	BR	1,425.00	-		1051	N/A
49767-000	Alessandro de Carvalho	November 26, 2018	US	21,750.10	-		1115	N/A
50286-000	Eunice Esmeralda Gómez	November 26, 2018	SV	2,850.00	-		1094	N/A
50500-000	Sergio Antonio Neves Lousada	November 26, 2018	PT	14,008.40	-		1103	N/A
50989-000	Madeline Maria Matos	November 26, 2018	PR	1,425.00	-		1119	1218
53141-000	STEPHENSON K ARINAITWE	November 26, 2018	US	2,445.30	-		1111	N/A
54316-000	Sergei Alexandrovich Gorev	November 26, 2018	UA	1,425.00	-		1109	N/A
62612-000	Barbara Mogueche Ombasa	November 26, 2018	KE	1,574.70	-		1098	N/A
71979-000	felix antonio taveras	November 26, 2018	DO	1,375.10	-		1083	N/A

Claim Number	Participant Name	Date of Second Notice	Country of Residence	Claim Amount As Filed	Conditionally Allowed		Docket Number of Second Notice	Docket Number of Response
					Amount			
79426-000	GLAUCIA REGINA CAMARGO RAPOSO CAMARGO RAPOSO	November 26, 2018	BR	3,000.00	-		1051	N/A
81775-000	Valentin Petrovich Svyatenko	November 26, 2018	UA	1,425.00	-		1109	N/A
84785-000	Robelho Rocha Rezende	November 26, 2018	BR	1,425.00	-		1052	N/A
86723-000	encarnacion encarnacion	November 26, 2018	GT	1,425.00	-		1094	N/A
86761-000	encarnacion baltazar ignacio	November 26, 2018	GT	1,425.00	-		1094	N/A

EXHIBIT C

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In Re:

TELEXFREE, LLC,
TELEXFREE, INC.,
TELEXFREE FINANCIAL, INC.,

Debtors.

Chapter 11

Case No. 14-40987-MSH

Case No. 14-40988-MSH

Case No. 14-40989-MSH

Jointly Administered

SECOND AFFIDAVIT OF CLAIM ALLOWANCE AND DISALLOWANCE

I, Stephen B. Darr, hereby submit the following Second Affidavit of Claim Allowance and Disallowance in accordance with the order (“Order”) dated December 26, 2017 approving the *Motion by Chapter 11 Trustee to Establish Omnibus Procedures for the Resolution of Disputed Participant Claims*.

1. I am the duly appointed Chapter 11 trustee (the “Trustee”) of the bankruptcy estates (“Estates”) of TelexFree LLC, TelexFree Inc., and TelexFree Financial Inc. (collectively, “TelexFree” or the “Debtors”), having been appointed by order of the Court dated June 6, 2014.

2. I caused to be served Notices of Claim Allowance or Disallowance (“Second Notices”) on 1,360 Participants proposing Conditionally Allowed Claims¹ and as to which no response was filed by Participants including 372 Participant Claims for which a supplemental Second Notice was provided by regular mail because it was unclear if electronic service had been successfully effectuated. The supplemental Second Notice had a response deadline of March 1, 2019. Pursuant to the Order, these are Conditionally Allowed Claims without further notice or order. I will provide the Clerk’s Office with an electronic file (the “Claim File”)

¹ Terms not otherwise defined herein shall have the meaning set forth in the First Status Report Respecting Determination of Participant Claims dated on or about April 10, 2019.

containing the following information as to each claim: (i) the claim number that was assigned to the Participant upon filing the Participant Claim; (ii) the name of the Participant as provided by the Participant on the Participant Claim; (iii) the country of residence as identified by the Participant on the Participant Claim; (iv) the amount of the Conditionally Allowed Claim; and (v) the docket number of the Second Notice.

3. I caused to be served Notices of Proposed Resolution of Claim ("First Notices") upon 19,136 Participants and as to which no response was received. These Participants were sent a Second Notice electronically. Seventy (70) of the First Notices were served by Huron Consulting Group, LLC on July 24, 2018.

4. There are 4,012 Participant Claims submitted through the electronic claims portal ("Portal") that show a balance owing of \$0 based upon the information supplied by the Participant. These Participants will be sent a notice providing them with thirty (30) days in which to provide additional information regarding their claims and, in the absence of a timely response, the claim will be disallowed.

5. There are 8,086 Participant Claims submitted through the Portal that show a negative balance (that is, the claim reflects that the Participant is a Net Winner under the Net Equity formula) based upon the information supplied by the Participant. These Participants will be sent a notice providing them with thirty (30) days in which to provide additional information regarding their claims and, in the absence of a timely response, the claim will be disallowed.

6. I caused 13,351 Participants to be served with a Second Notice proposing claim disallowance and as to which no timely response was received. Pursuant to the Order, these claims are disallowed without further notice or order. The Claims File will contain, with respect to each disallowed claim: (i) the claim number assigned to the Participant upon filing the

Participant Claim; (ii) the name of the Participant as provided by the Participant on the Participant Claim; (iii) the country of residence as identified by the Participant on the Participant Claim; and (iv) the docket number of the Second Notice.

7. I caused an additional 3,740 Participants to be served with a supplemental Second Notice by regular mail because it was unclear if electronic service had been successfully effectuated and for which claim disallowance was proposed. Responses to the supplemental Second Notice were required to be filed by March 1, 2019. No responses were received from these Participants, and pursuant to the Order these claims are disallowed without further notice or order. The Claims File will contain, with respect to each disallowed claim: (i) the claim number that was assigned to the Participant upon filing the Participant Claim; (ii) the name of the Participant as provided by the Participant on the Participant Claim; (iii) the country of residence as identified by the Participant on the Participant Claim; (iv) the docket number of the Second Notice; and (v) the date of service of the supplemental Second Notice.

8. There are 685 Participant Claims for which a response was submitted to the Second Notice (including the supplemental notice). Thirty three (33) of the Participant Claims for which a response to Second Notice was received have been resolved by agreement with the Participant with a Conditionally Allowed Claim, and 57 have been disallowed by agreement with the Participant. There are 595 Participant Claims for which timely or untimely responses to the Second Notice were submitted or filed and which are not yet resolved. Of these claims:

- (i) 62 Participants filed timely responses with the Court;
- (ii) 412 Participants submitted timely responses with the Trustee and either no response to the Court or an untimely response to the Court;

- (iii) 121 Participants submitted/filed untimely responses, with the Court and/or with the Trustee.

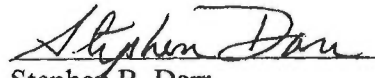
Notwithstanding the improper filings and without waiver of any rights, I am considering the responses to the Second Notice, including reasons provided by the Participant for late filing or improper filing, for purposes of considering appropriate disposition of the claims.

9. There are 777 Participants Claims that were filed after the Final Bar Date.

Pursuant to the provisions of the Claims Order and the Bar Date Notice approved by the Court, the late-filed claims are disallowed without further notice or order of the Court. The Claims File will contain, with respect to each disallowed claim: (i) the claim number that was assigned to the Participant upon filing the Participant Claim; (ii) the name of the Participant as provided on the Participant Claim; (iii) the country of residence as identified on the Participant Claim; and (iv) the date the Participant Claim was filed.

I attest that, to the best of my knowledge, the foregoing is true and accurate.

Dated: April 12, 2019


Stephen B. Darr
Chapter 11 Trustee

756133

EXHIBIT D

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In Re:)	
)	
)	Chapter 11
)	
TELEXFREE, LLC ,)	Case No. 14-40987-MSH
TELEXFREE, INC.,)	Case No. 14-40988-MSH
TELEXFREE FINANCIAL, INC.,)	Case No. 14-40989-MSH
)	
Debtors.)	Jointly Administered
)	

FIRST AFFIDAVIT OF TINAMARIE FEIL
REGARDING SERVICE OF FIRST NOTICE

I, Tinamarie Feil, hereby submit the following affidavit regarding service of first notice.

1. I am employed as President of Client Services at BMC Group, Inc. ("BMC"), which serves as a claims agent for Stephen Darr, the duly appointed Chapter 11 trustee (the "Trustee") of the bankruptcy estates ("Estates") of TelexFree LLC, TelexFree Inc., and TelexFree Financial Inc. (collectively, "TelexFree" or the "Debtors").
2. I have been employed with BMC for 21 years. My responsibilities include serving or supervising the service of mailings to creditors and other parties in interest in bankruptcy cases.
3. The statements provided herein are based upon my personal knowledge, except as otherwise provided.
4. Among the services provided by BMC in the TelexFree cases has been the electronic delivery to persons who purchased membership plans in TelexFree ("Participants") of Notices of Proposed Resolution of Claim ("First Notice") in accordance with the order dated December 26, 2017 approving the *Motion by Chapter 11 Trustee to Establish Omnibus Procedures for the Resolution of Disputed Participant Claims* (the "Claims Procedure Order").

5. On August 13, 2018, and August 14, 2018, I caused BMC to serve 21,065 Participants with a First Notice. A certificate of service for the notices served has been filed with the Court.

6. Pursuant to the Claims Procedure Order, Participants were provided not less than thirty (30) days to submit a Claim Response.

I attest that, to the best of my knowledge, the foregoing is true and accurate.

Dated: April 8, 2019



Tinamarie Feil

756138

EXHIBIT E

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In Re:

TELEXFREE, LLC ,
TELEXFREE, INC.,
TELEXFREE FINANCIAL, INC.,

Debtors.

Chapter 11

Case No. 14-40987-MSH

Case No. 14-40988-MSH

Case No. 14-40989-MSH

Jointly Administered

FIRST AFFIDAVIT OF JEFFREY MILLER REGARDING SERVICE OF
SUPPLEMENTAL FIRST NOTICE AND SUPPLEMENTAL SECOND NOTICE

I, Jeffrey Miller, hereby submit the following affidavit regarding service of supplemental first notice and supplemental second notice.

1. I am employed as Senior Managing Consultant with Kurtzman Carson Consultants, LLC ("KCC"), which serves as a claims agent for Stephen Darr, the duly appointed Chapter 11 trustee (the "Trustee") of the bankruptcy estates ("Estates") of TelexFree LLC, TelexFree Inc., and TelexFree Financial Inc. (collectively, "TelexFree" or the "Debtors").

2. I have been employed with KCC for 5 years. My responsibilities include serving or supervising the service of mailings to creditors and other parties in interest in bankruptcy cases.

3. The statements provided herein are based upon my personal knowledge, except as otherwise provided.

4. Among the services provided by KCC to the Trustee in the TelexFree cases has been the delivery to persons who purchased membership plans in TelexFree ("Participants") of Notices of Proposed Claim Resolution ("First Notice") and Notices of Claim Allowance or Disallowance ("Second Notice") in accordance with the order dated December 26, 2017

approving the *Motion by Chapter 11 Trustee to Establish Omnibus Procedures for the Resolution of Disputed Participant Claims* (the "Claims Procedure Order").

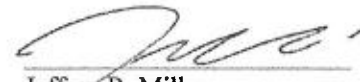
5. On November 30, 2018, I caused KCC to serve 350 Participants with a supplemental First Notice which was sent by regular mail because it was unclear if the First Notice that was sent to the Participants electronically had been received.

6. On February 1, 2019, I caused KCC to serve 3,802 Participants with a supplemental Second Notice by regular mail because it was unclear if the Second Notice that was sent to the Participants electronically had been received.

I attest that, to the best of my knowledge, the foregoing is true and accurate.

Dated: April 12, 2019

756140


Jeffrey R. Miller